

URBAN/MUNICIPAL
CA4 ON HBL IS9
A56
1994

ANNUAL REPORT

1 9 9 4

JORDAN MUNICIPAL

JUL 27 1995

GOVERNMENT DOCUMENTS



The Hamilton
Harbour
Commissioners

REPORT FROM THE CHAIRMAN AND THE PORT DIRECTOR

The Port of Hamilton moved forward on several fronts in 1994; experiencing modest growth in cargo volumes, improved financial results and further diversification of port business.

The total amount of cargo handled through the Port was 12,701,682 tonnes, an increase of 2.4% over 1993. Leading the way was the strong growth in our overseas cargo, which increased 31% in 1994 to a record level of 1,837,488 tonnes. Steel was, once again, the most prevalent commodity for international trade, followed by liquid bulk cargoes, which have been growing steadily since 1991.

The Port's navigation season began on April 6th with the arrival of the M.V. "Canadian Olympic" and closed on December 30th with the departure of the M.V. "H.M. Griffith". Typical of previous years, these ships carried coal and ore, the Port's two major commodities.

A total of 696 commercial vessels visited the Port during 1994. A cargo movement of particular note was the export of grain from Agrico Canada's terminal at Pier 25; the first bulk grain to be moved through the Port in living memory. Initial indications are that the logistics and economics of the transaction are favourable for future movements.

Port operating revenues increased in 1994 as waterfront activity continued its growth in tandem with the nation's economy. Total Port revenue exceeded \$11,000,000 for the first time in the past five years, with revenue growth generated almost entirely from new and increased

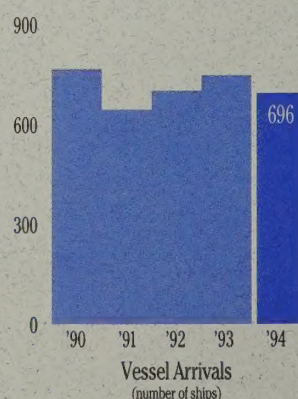
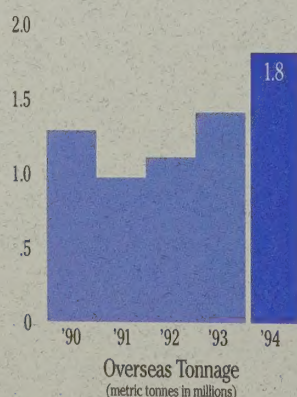
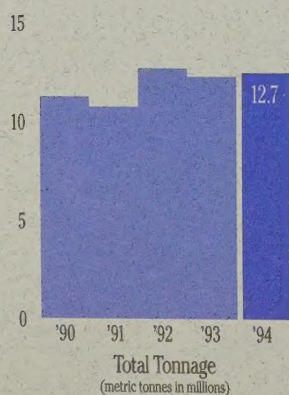
business. It should be noted that the Port has not increased cargo and berthage rates since 1990.

The Port spent \$5,727,218 on the expansion of its facilities in 1994. The single largest expenditure was the acquisition of an additional 44 acres of waterfront lands from Case Canada Corporation. The new property is adjacent to and expands on our two previous waterfront purchases. Our entire development at Pier 15, now encompassing some 100 acres, was created by purchasing existing industrial lands and docks. This method has the double advantage of retaining the communities' valuable inventory of industrial lands, as well as adding key waterfront land to the Port without resorting to the less environmentally acceptable practise of land filling.

As well as new purchases, the Commissioners expended \$1,215,534 on the maintenance of the Port's existing infrastructure. For the most part, these monies went to suppliers and contractors from our surrounding communities.

In 1994, the tenanted properties of the Commissioners generated \$2,304,870 in property taxes for the City of Hamilton.

Usage of the Port continued to grow in 1994 with most waterfront industries reporting a busier year than 1993. The Commissioners would like to welcome two new Port businesses, KBX Industries, a full service rail car repair facility and Bell & McKenzie Ltd., a processor and distributor of specialty sands. Both these companies



JUL 27 1995

GOVERNMENT DOCUMENTS

have located on Pier 15 and have already created additional employment and made substantial investments in their respective facilities.

In 1994, the Commissioners, drawing on their experience in waterfront construction, undertook to act as construction managers for two fish and wildlife restoration projects in the Harbour. The first contract at LaSalle Park will start in early 1995, to be followed shortly by a second project at Pier Site 30, adjacent to the Canada Centre for Inland Waters.

Recreational use of the Commissioners' facilities in the Harbour saw increased levels of activity for 1994. Our Harbour West Sailing School provided a wide variety of courses to over 2,600 sailors and power boaters. Boat launches at Fisherman's Pier, primarily used by the salmon fishermen in Lake Ontario, stood at 3,771. Business at the Commissioners' Harbour West complex remained steady in 1994. Small craft slip rentals, although improving, have yet to climb back to pre-recession levels. It is felt that our ongoing capital improvements at Harbour West will not only continue to open up access to the Harbour for the general public, but will ultimately generate increased business opportunities for the Commissioners in this area of the Harbour.

In 1994, the Commissioners continued their support of such organizations as the Port of Hamilton Spill Control Group, the American Association of Port Authorities and the Canadian Port and Harbour Association. In September

the Commissioners hosted the 36th Annual Meeting of the Canadian Port and Harbour Association. Some 102 delegates from across Canada participated in a full agenda of marine related business sessions, as well as enjoying the Port's hospitality.

We thank Commissioner Peter Peters on for his on-going efforts and support in 1994. We welcome Commissioner Pat Dillon, who joined the Board in the latter part of the year and extend best wishes to Commissioner Al Oakie, who leaves the Board after serving for four years, three as Chairman. Mr. Oakie dedicated, with no small success, his time and reputation to networking the economic importance of the Port back into the local business, education and service communities.

We give special recognition to the Port's work forces and management staff whose efforts produced the excellent results obtained in 1994. As well, we appreciate the degree of co-operation the Port received from both the City of Hamilton and the Government of Canada throughout the year.

In closing, we thank our customers for the shared success reported herein. We look forward to extending this success into 1995.



D. M. Beattie
Chairman

R. R. Hennessy
Port Director



BALANCE SHEET

as at December 31, 1994

	1994 \$	1993 \$
Assets		
Current Assets		
Cash	540,639	640,622
Accounts receivable -		
Trade	1,371,023	1,310,557
Interest	254,686	79,875
Other	185,619	216,864
Inventories	90,052	97,874
Prepaid expenses	124,799	96,251
Current portion of investment in capital lease	53,333	-
Current portion of promissory note receivable	-	460,000
	<u>2,620,151</u>	<u>2,902,043</u>
Net investment in Capital Lease (Note 3)	765,827	-
Investments Appropriated for Future Harbour Improvements (Note 4)	11,149,262	10,703,213
Fixed Assets (Note 5)	<u>52,528,068</u>	<u>49,446,730</u>
	<u>67,063,308</u>	<u>63,051,986</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	1,025,790	487,354
Current portion of debentures payable (Note 6)	50,000	50,000
Current portion of long-term debt (Note 8)	<u>76,358</u>	<u>43,200</u>
	1,152,148	580,554
Debentures Payable (Note 6)	225,000	275,000
Long-Term Debt (Note 8)	-	<u>111,158</u>
	<u>1,377,148</u>	<u>966,712</u>
Equity		
General Capital	54,536,898	51,382,061
Reserve for Future Harbour Improvements (Note 4)	<u>11,149,262</u>	<u>10,703,213</u>
	<u>65,686,160</u>	<u>62,085,274</u>
	<u>67,063,308</u>	<u>63,051,986</u>

STATEMENT OF GENERAL CAPITAL

for the Year Ended December 31, 1994

	1994 \$	1993 \$
General Capital - Beginning of Year	51,382,061	51,673,569
Excess of revenue over expenses for the year	<u>3,600,886</u>	<u>2,511,705</u>
	54,982,947	54,185,274
Allocation to reserve for future harbour improvements (Note 4)	<u>(446,049)</u>	<u>(2,803,213)</u>
General Capital - End of Year	<u>54,536,898</u>	<u>51,382,061</u>



STATEMENT OF REVENUE AND EXPENSE

for the Year Ended December 31, 1994

	1994	1993
	\$	\$
Revenue from Operations (Note 9)	10,535,432	8,816,773
Operating Expenses	<u>3,717,961</u>	<u>3,097,721</u>
Income from Operations	6,817,471	5,719,052
Administrative, Office and General Expenses	2,117,169	1,968,368
Interest on Debentures Payable	12,892	14,953
Depreciation	1,809,340	1,824,944
Financing Income from Capital Leases	(32,556)	-
Other Income	<u>(690,260)</u>	<u>(600,918)</u>
Excess of Revenue Over Expenses for the Year	<u><u>3,600,886</u></u>	<u><u>2,511,705</u></u>

AUDITORS REPORT TO THE COMMISSIONERS

We have audited the balance sheet of The Hamilton Harbour Commissioners as at December 31, 1994 and the statements of revenue and expense, general capital and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1994 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all material respects, been in accordance with Section 29 of "The Hamilton Harbour Commissioners' Act".

Hamilton, Ontario
March 10, 1995

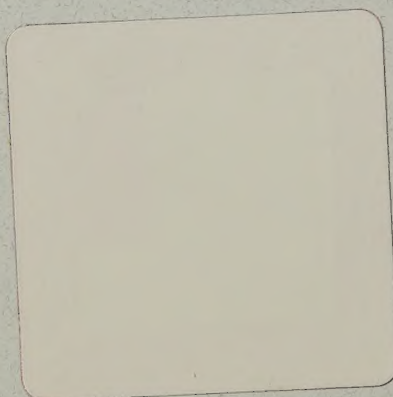
Coopers & Lybrand
Chartered Accountants



STATEMENT OF CHANGES IN FINANCIAL POSITION

as at December 31, 1994

	1994 \$	1993 \$
Operating Activities		
Excess of revenue over expenses for the year	3,600,886	2,511,705
Items not affecting cash -		
Depreciation	1,809,340	1,824,944
Gain on disposal of fixed assets	<u>(14,610)</u>	<u>(10,116)</u>
	5,395,616	4,326,533
(Increase) decrease in non-cash working capital items related to operations	<u>313,678</u>	<u>400,710</u>
Cash Provided By Operating Activities	<u>5,709,294</u>	<u>4,727,243</u>
Investing Activities		
Purchase of fixed assets	(5,727,218)	(1,511,464)
Proceeds on disposal of fixed assets	851,150	13,600
Increase in investments appropriated for future Harbour improvements	(446,049)	(2,803,213)
Net investment in capital lease	(819,160)	-
Collection of promissory note receivable	<u>460,000</u>	<u>-</u>
Cash Used In Investing Activities	<u>(5,681,277)</u>	<u>(4,301,077)</u>
Financing Activities		
Repayment of debentures payable	(50,000)	(50,000)
Increase (decrease) in long-term debt	<u>(78,000)</u>	<u>154,358</u>
Cash Used In Financing Activities	<u>(128,000)</u>	<u>104,358</u>
Net Increase (Decrease) in Cash	(99,983)	530,524
Cash - Beginning of Year	<u>640,622</u>	<u>110,098</u>
Cash - End of Year	<u>540,639</u>	<u>640,622</u>





NOTES TO FINANCIAL STATEMENTS

for the Year Ended December 31, 1994

1. The Hamilton Harbour Commissioners' Act

The Hamilton Harbour Commissioners ("the Commissioners") is a corporation established and operated pursuant to The Hamilton Harbour Commissioners Act, 2 George V c.98, 1912. The Commissioners mandate is to govern and develop the harbour of Hamilton for the purposes of the Act and to provide a harbour with full facilities for the transportation industry.

2. Significant Accounting Policies

(a) Fixed assets

Fixed assets are recorded at acquisition cost. Depreciation is provided on a straight-line basis at rates designed to amortize the cost over the useful lives of the assets as follows:

Docks and Improvements	2 - 20%
Buildings	2 1/2 - 20%
Equipment and Vessels	10 - 20%

(b) Capital development in process

The Commissioners include all costs to develop an asset in the capital development in process category until the project is substantially complete. At that time, the asset is transferred to fixed assets and depreciation is taken according to established policy.

(c) Inventories

Inventories of merchandise are recorded at the lower of the cost, determined on a first-in, first-out, basis and replacement cost.

(d) Government grants

Government grants are recorded when receivable as an increase in general capital.

3. Capital Lease

During the year, the Commissioners acquired certain crane equipment and entered into a five year direct financing lease.

Financing income related to the direct financing lease is recognized in a manner that produces a constant rate of return on the investment in the lease. The investment in the lease for purposes of income recognition is composed of net minimum lease payments and unearned financing income.

The net investment in the lease includes the following:

Total minimum lease payments receivable:	
\$	
1995	101,753
1996	117,000
1997	117,000
1998	117,000
1999	548,603
	<u>1,001,356</u>
Unearned income	(182,196)
	<u>819,160</u>
Current portion	(53,333)
	<u>765,827</u>

4. Reserve for Future Harbour Improvements

During the year, the Commissioners transferred \$446,049 to the reserve for future harbour improvements. The balance in the reserve, amounting to \$11,149,262, is set aside for future capital expenditures. The reserve funds are invested in short-term deposits.

In 1994, the Commissioners approved a five year capital budget in the aggregate amount of \$32,820,000.

5. Fixed Assets

	Cost \$	1994 Accumulated Depreciation \$	Net \$	1993 Net \$
Land	17,870,533	-	17,870,533	14,240,443
Docks and harbour improvements	37,362,148	15,337,973	22,024,175	22,710,865
Buildings	12,707,699	8,551,765	4,155,934	4,346,583
Equipment and vessels	6,167,195	5,263,850	903,345	664,123
Capital development in progress	7,574,081	-	7,574,081	7,484,716
	<u>81,681,656</u>	<u>29,153,588</u>	<u>52,528,068</u>	<u>49,446,730</u>

6. Debentures Payable

	1994 \$	1993 \$
4 1/8% Government of Canada debentures payable, to be repaid before the year 2005	275,000	325,000
Less: Current portion	<u>50,000</u>	<u>50,000</u>
	<u>225,000</u>	<u>275,000</u>

7. Pension Plans

The corporation has non-contributory defined benefit pension plans for salaried employees and C.U.P.E. Local 958 members. Pension costs are computed on the projected benefit method based on an average expected remaining service life of the employee groups of 14 years for salaried employees and 20 years for C.U.P.E. Local 958 members.

The status of the plans, based on year end estimates provided by the corporation's actuary, are as follows:

	Salaried Employee Plan \$	C.U.P.E. Employee Plan \$
Pension fund assets - at market value	4,224,288	409,339
Projected benefit obligation	4,090,707	231,219

The excess of pension fund assets over the projected benefit obligation of the plans is expected to be utilized to fund current service contributions and/or enhance future pension benefits.

8. Long-Term Debt

In 1988, four government agencies and The Hamilton Harbour Commissioners commenced the rehabilitation of Windermere Basin. The proposed budget for the project was \$4.5 million with a provision for proportionate sharing of cost overruns. Upon completion of the project in 1993, there remained outstanding liabilities in the amount of \$190,358.

Two of the agencies declined to participate in the elimination of the outstanding debt. As a result, The Hamilton Harbour Commissioners has assumed responsibility for payment of the proportionate share of the debt assessed against the non-participating agencies. The balance outstanding at December 31, 1994 is to be paid by installments over the next year, and is classified as current.

9. Revenue from Operations

In May 1993, the Commissioners entered into a lease agreement with respect to the operation of their main terminal. The resulting rental revenue is included in piers and property revenue. Revenue earned prior to establishing this lease is included in terminals revenue.



Chairman
D.M. Beattie

Commissioner
P.J. Peterson

Commissioner
P.J. Dillon

Port Director
R.R. Hennessy, P. Eng.

605 James St. North,
Hamilton, Ontario, Canada L8L 1K1

Telephone: (905) 525-4330
or 1-800-263-2131

Main Office - Fax: (905) 528-6282
Harbour Operations - Fax: (905) 525-7258

Harbour West Marine Dockyard
Fax: (905) 527-8132

Harbour West Sailing Adventures
Fax: (905) 525-2298